

Message Text

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ACTION ARA-06

INFO OCT-01 ISO-00 SS-14 EB-04 OFA-01 L-01 SP-02 INR-05

IO-03 /037 W

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R 072145Z MAR 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 9560

C O N F I D E N T I A L SAN JOSE 0961

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LIMDIS

E.O. 11652: GDS

TAGS: EFIS, EAID, EFIN, CS

SUBJECT: POSSIBLE U.S. VETO ON IDB LOAN FOR FISHERIES
DEVELOPMENT IN COSTA RICA

1. EMBASSY UNDERSTANDS THAT DURING PRESENTATION AT RECENT
AID MISSION DIRECTORS CONFERENCE TREASURY ASSISTANT SECRETARY
JOHN BUSHNELL STATED THAT U.S. WAS CONSIDERING VETO OF \$6#
MILLION IDB LOAN FOR FISHERIES DEVELOPMENT COSTA RICA.
BUSHNELL EXPLAINED THAT REASON FOR POSSIBLE VETO WAS THAT
SHRIMPING INTEREST IN LOUISIANA AND POSSIBLY OTHER STATES
HAD EXPRESSED CONCERN THAT THIS LOAN WOULD INCREASE COMPETI-
TION AND THEREFORE MIGHT ENDANGER VOTES IN CONGRESS ON THE
ISSUE OF REPLENISHMENT OF IDB FUNDS.

2. EMBASSY HAS FOLLOWING COMMENTS ON THIS PROBLEM.

A. OF \$13 MILLION TOTAL LOAN, \$10 MILLION WILL BE FINANCED
FROM FSO. OF THIS AMOUNT, \$2 MILLION IS ALLOCATED FOR
REPLACING OBSOLETE FISHING FLEET OF THE
COOPERATIVE OF PUNTARENAS WHICH PRODUCES FISH, NOT REPEAT
NOT SHRIMP, FOR DOMESTIC CONSUMPTION. TECHNICAL ASSIST-
ANCE WILL ALSO BE PROVIDED TO ARTISAN FISHERMEN IN THIS
COOPERATIVE WHO ARE SMALL AND POOR OPERATORS. FOR
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EXAMPLE, COOPERATIVE WAS ORGANIZED IN 1974 WITH AN INITIAL

CAPITAL OF 25,000 COLONES (\$2,900).

B. REMAINING \$8 MILLION FINANCED FROM FSO WOULD BE FOR GENERAL FISHING PORT IMPROVEMENTS SUCH AS DREDGING, STORAGE, VEHICLES, AND TECHNICAL ASSISTANCE, ALL SUCH FACILITIES ORIENTED TOWARD DOMESTIC CONSUMPTION OF FISH.

C. REMAINING \$3 MILLION IS FOR AN INDUSTRIAL FISHERIES COMPONENT TO BE FINANCED FROM ORDINARY CAPITAL RESOURCES (NOT FSO) FOR LAONS TO PRIVATE ENTERPRISE THROUGH THE BANKING SYSTEM. \$1.6 MILLION OF LAON IS ALLOCATED FOR REPLACEMENT REPEAT REPLACEMENT OF OBSOLETE SHRIMP BOATS. NO INCREASE IN SIZE OF SHRIMPING FLEET IS CONTEMPLATED. REMAINDER OF \$3 MILLION WILL BE UTILIZED FOR SHRIMP STORAGE AND PROCESSING FACILITIES AT THE PORT. LOANS FOR PURCHASE OF BOATS MAY BE OBTAINED BY PRIVATE OPERATORS INCLUDING FOREIGNERS OF COSTA RICANS HAVE MAJORITY CONTROL OF FIRM.

3. IT APPEARS OBVIOUS THAT THE SIZE AND CHARACTER OF THE SHRIMPING PORTION OF THIS LOAN COULD NOT SIGNIFICANTLY AND ADVERSELY AFFECT U.S. SHRIMPING INTEREST. HOWEVER, THE U.S. VETO OF THIS LOAN, ESPECIALLY COMING ON THE HEELS OF THE U.S. OPPOSITION TO THE IDB LOAN FOR THE ARENAL HYDRO-ELECTRIC PROJECT (SAN JOSE 4260) COULD BE A HIGHLY VISIBLE IRRITANT IN U.S.-GOCR RELATIONS AND WOULD CERTAINLY BE WIDELY PUBLICIZED HERE. DEPARTMENT WILL ALSO RECALL EARLIER GOCR CONCERN OVER REPORTS OF U.S. OPPOSITION TO THAT PORTION OF IDB LOAN WHICH DEALT WITH EXPANSION OF TUNA FLEET (SAN JOSE 2169, JUNE 6, 1974).

4. OUR CASP WILL EMPHASIZE DESIRABILITY OF AVOIDING UNNECESSARY IRRITANTS IN ORDER TO ATTEMPT TO MAINTAIN CORDIAL RELATIONS WITH GOCR, GIVEN ESPECIALLY ITS SPECIAL INFLUENCE, PRESTIGE, AND GENERALLY SUPPORTIVE ROLE IN INTERNATIONAL FORA. THIS LOAN WOULD APPEAR TO BE OF MARGINAL IMPORTANCE TO U.S. TO RISK A SEVERE NEW IRRITANT. MOREOVER, WE QUESTION THAT U.S. VETO TO THIS LOAN COULD SWING VOTE ONE WAY OR ANOTHER ON REPLENISHMENT OF IDB RESOURCES.

5. WE URGE THAT DEPARTMENT FULLY EXPLORE THIS MATTER WITH CONFIDENTIAL

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TREASURY AND U.S. REPRESENTATIVE TO IDB, POINT OUT ABOVE FACTS, AND MAKE EVERY ATTEMPT TO AVOID ADVERSE U.S. ACTION ON THIS LOAN.
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Message Attributes

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